

## **West Caldwell Health Council, Inc.**

*Happy Valley Medical Center  
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West Caldwell Health Council, Inc. is pleased to provide comments on the North Carolina Medicaid and NC Health Choice Section 1115 Demonstration Waiver Application that was submitted by the North Carolina Department of Health and Human Services (NC DHHS) to the Centers for Medicare and Medicaid Services (CMS) on June 1, 2016.

West Caldwell Health Council, Inc. is a federally qualified health center (FQHC) organization that provides comprehensive primary care services to the medically underserved across two clinical sites and one mobile unit in Caldwell County. As a community health center, we serve all patients regardless of ability to pay, and in 2014 we served 2,653 patients, including 496 Medicaid patients and 767 uninsured patients. Along with North Carolina's 37 other FQHCs, we form the backbone of North Carolina's safety net and its Medicaid primary care providers. We are by statute and by mission required to serve Medicaid and NC Health Choice patients, and we therefore have a vested interest in ensuring that the Medicaid program maintains accessibility for patients and providers alike, sustainability, and integrity throughout the transformation process. However, we have several significant concerns regarding the waiver application as submitted by the State, and we urge CMS to consider the following comments.

### **Lack of Medicaid Expansion**

The 1115 Demonstration Waiver submitted by NC DHHS lacks the most important health policy change needed to improve access and quality of care for North Carolinians and strengthen the provider community — Medicaid expansion as called for under the Affordable Care Act. Medicaid coverage should be extended to all adults ages 18-64 with incomes at or below 138% of the Federal Poverty Level (FPL). In North Carolina, expanded Medicaid would cover more than 400,000 people; at least 244,000 of those in the Coverage Gap are uninsured as a result.<sup>1</sup>

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<sup>1</sup> Dorn, S., McGrath, M., Holahan, J. (August 2014). What is the Result of States Not Expanding Medicaid? Robert Wood Johnson Foundation & Urban Institute. Retrieved from: <http://www.urban.org/UploadedPDF/413192-What-is-the-Resultof-States-Not-Expanding-Medicaid.pdf>

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In 2014, 43% of all FQHC patients in North Carolina were uninsured and more than 70% of patients lived at or below 200% FPL. FQHC providers see firsthand the significant health challenges and barriers to needed services that these uninsured and low-income patients face. In fact, providers often have to modify treatment plans for uninsured patients because of their inability to afford a specialist visit or pay for needed medications.

North Carolina community health centers estimate statewide health center revenues would increase by up to \$35 million if the state increased access to affordable insurance for low-income populations. If Medicaid were expanded, we estimate that West Caldwell Health Council, Inc. would receive an estimated \$119,280.00 in annual revenue through reimbursement from the Medicaid program, a vast increase over the revenue we collect from our uninsured patients now. This additional funding would allow us to enhance and expand our existing operations and explore innovations to better deliver care to our communities.

With the expansion of Medicaid and increase in revenue, we could expand our facilities by adding providers and additional services for our patients.

### **Impact of Dismantling Successful CCNC Model**

The State claims that it plans to build upon the successes of North Carolina's nationally acclaimed enhanced primary care case management program, Community Care of North Carolina (CCNC), while proposing to eliminate it entirely from the new system. The CCNC program has been vital for addressing Medicaid beneficiary needs and supporting primary care providers like us. We are concerned that eliminating CCNC will have devastating effects on the Medicaid program and providers in the state.

CCNC has successfully engaged providers in innovation and supported the provider community in case management through a per member per month (PMPM) payment. In addition to eliminating CCNC's role, which we fear will have detrimental impacts on the state's high quality, cost-effective services, the Waiver fails to identify how the state will continue to provide financial support equivalent to the loss of the PMPM payments for primary care providers. Federally qualified health centers who served more than 144,000 Medicaid beneficiaries in 2015, will lose at least \$5.6 million in PMPM payments when the CCNC networks' case management program is eliminated. West Caldwell Health Council, Inc. received \$26,475.50 in 2015 to support case management functions. Without this financial support, our capacity to conduct high quality case management services will suffer.

We use the funding provided by CCNC to provide care coordination for our high risk patients. This includes organizing the patient's healthcare needs and activities between multiple healthcare facilities, therefore, providing the best quality of care that we can together.

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An August 2015 State Auditor's report found CCNC generated \$3 in savings for every dollar invested in the program, which led to a nine percent savings in total state Medicaid costs.<sup>2</sup> Additionally, CCNC has been awarded numerous federal grants which continue to improve the quality and effectiveness of the medical home model and integration of services. CCNC was even the inaugural winner of the Hearts Health Prize for its achievements in managing transitional care for Medicaid beneficiaries discharged after a hospitalization. It is unclear in the Waiver how the state plans to replace the current 14 CCNC networks and maintain the services they currently provide. We question whether the PHPs replacing CCNC will be able to provide the same quality of care and achieve the same level of savings.

Currently 90% of all North Carolina primary care providers serve Medicaid patients, and NC DHHS states its commitment to retaining North Carolina's strong participation in the Medicaid program. Yet, we wonder how other providers will be incentivized to remain in the system despite increases in administrative burden and losses of financial support from the current system. Our community health center and others will continue to serve Medicaid patients, but losing \$5.6 million across our health centers will make it very difficult to continue to provide the same high quality case management services. In combination with both the increased administrative work involved with credentialing with and billing to multiple PHPs and high number of uninsured patients that FQHCs serve, the financial strain on FQHCs will be significant.

Moving North Carolina Medicaid away from single payer system toward one in which up to 15 plans may operate throughout the state will dramatically increase the administrative burden and cost to providers of participating in the Medicaid program. It's possible that West Caldwell Health Council will have to deal with 5 different Medicaid plans, forcing us to increase staff in the billing department. This will increase our health center's costs and may negatively impact the quality of care provided to our patients.

Medicaid reform should streamline beneficiary eligibility and enrollment processes. However, under the State's proposal, beneficiaries will be subject to a two-step eligibility and enrollment process in which they must select a plan through an enrollment broker after having had their eligibility for Medicaid determined by the county Department of Social Services. The existing North Carolina Medicaid eligibility systems in place for beneficiaries regularly fail to meet timeliness standards, delaying access to Medicaid and access to needed health care services as a

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<sup>2</sup> Department of Health and Human Services Division of Medical Assistance: Community Care of North Carolina. Financial Related Audit. Office of the State Auditor, State of North Carolina, August 20, 2015. Available at: <http://www.ncauditor.net/EPSSWeb/Reports/FiscalControl/FCA-2014-4445.pdf>.

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result. We have seen patients at West Caldwell Health Council wait for months at a time for approval of Medicaid, which is a huge barrier to receiving the care they need in a timely manner.

In addition to the preceding, we would like to echo the comments of the North Carolina Community Health Center Association, which is the state primary care association of which we are a member. Please see their comments for additional details.

Thank you for considering our comments. Any questions about the preceding should be directed to:

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